

The Honorable John R. Kasich  
Chairman, Committee on Budget  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Kasich:

This is in response to the September 22, 1999, letter from you, Majority Leader Armev, and Chairmen Burton, Domenici, and Thompson, requesting that this office provide an update on the most serious management problems in the Department of Veterans Affairs (VA) and identify programs not achieving intended results. Our recent audit, inspection, and investigative work suggests that the following areas require the continuing attention of VA management:

1. Health Care Quality Management
2. Resource Allocation
3. Claims Processing, Appeals Processing, and Timeliness and Quality of Compensation and Pension Medical Examinations
4. Inappropriate Benefit Payments
5. Government Performance and Results Act – Data Validity
6. Security of Systems and Data
7. VA Consolidated Financial Statements
8. Debt Management
9. Workers Compensation Costs

A discussion of the nine problem areas is enclosed. We did not include the "Year 2000" issue addressed in our prior report because it was addressed by the Department during fiscal year 1999 and plans and operations developed indicate adequate preparations are in-place. Your letter also requested that we identify programs not achieving intended results. While the Department has made concerted efforts to achieve its goals and objectives, our work had questioned whether some areas of operation have been fully successful in accomplishing intended results. These programs and functions include: the ability to manage, bill and collect debts; the function of accurately and appropriately paying veterans benefits in a timely manner; the attainment of a Department-wide cost accounting system; and the management of an economically sound system of inventory and supply management. Department officials have stated their agreement with the conditions we reported and provided corrective action plans that are in various stages of implementation.

We are available to work with you and your staff should you require additional information on any of these areas. Please contact me or Mr. Jon Wooditch, Assistant Inspector General for Management and Administration, at (202) 565-8114.

Sincerely,

RICHARD J. GRIFFIN  
Inspector General

Enclosure